United States Environmental Protection Agency **Criminal Investigation Division Investigative Activity Report**

Case Number

0506-0026

Case Title:

Ferguson Enterprises Inc.

Reporting Office:

Detroit, MI, Resident Office

Subject of Report:

Interview of (b)(6), (b) (7)(C), DWSD

Activity Date:

Reporting Official and Date:

July 26, 2012

Approving Official and Date:

Resident Agent in Charge

Special Agent in Charge

Assistant Special Agent in Charge

08-AUG-2012, Signed by (b)(6), (b) (7)

10-AUG-2012, Approved by (b)(6), (b) (7)

SYNOPSIS

On July 26, 2012, U.S. EPA CID Special Agent interviewed (b)(6), (b) (7)(C) Engineer of Water Systems, Detroit Water & Sewerage Department (DWSD, regarding b) oversight of a contract known as DWS 844A "Security Contract." Also present for the inter (5) was (6)(6), (6) (7) Deputy Corporation Counsel, City of Detroit Law Department.

DETAILS

On July 26, 2012, U.S. EPA CID Special Agent interviewed (b)(6), (b) (7)(C) Engineer of Water Systems, Detroit Water & Sewerage Department (DWSD, regarding b) oversight of a contract known as DWS 844A "Security Contract." Also present for the inter (b) (a), (b) (7) Deputy Corporation Counsel, City of Detroit Law Department. (b)(6), was previously interviewed by SA (b)(6), (b) (7) in this investigation and provided the following information:

(b)(6), was asked to review several documents related to the execution of DWS 844A. (b)(6), had sent these documents to SA (6)(6), (b) (7) via email after their last meeting. One of the documents was identified by (b)(6), as the change order for DWS 844A (b) drafted in July of 2005 after being instructed to do solvy DWSD management. (b)(6), explained that the work as detailed in this document was adding to the scope of work **for DW**S 844A. The five water intake plants were not included in the original contract as they were manned stations, where facilities in the DWS 844A contract were unmanned. Belle Isle was an unmanned location but was not included in the original scope of work for DWS 844A. All of the manned DWSD stations were to be addressed for security upgrades under a separate contract. (b)(6). recalled that there was talk of adding the five plants plus Belle Isle and that either KV (b)(6), (b) (7)(C) or SD (b) told (b) that the DWSD Security Division was requesting that these facilities be added to DW \$844A. (600) was not aware that Security Division Assistant Chief (b)(6), (b) (7)(C) was opposed to the blants being added to the contract and that (b) position was that the work was not needed. (b)(6), was also not aware that in the past the five water intake plants and Belle Isle had been proposed to be added to M343, which was a Detroit Contracting Inc. contract and that (b)(6), had written a memo documenting that the security systems at these facilities were adequate and hot in need of improvements. (b)(6), was not the project manager for M343 but is familiar with it as to monitored some of the work performed.

(b)(6), thought that the change order was scuttled due to "sticker shock" over the cost of the additional work which was \$25 million. This equated to a larger portion of the original contract price of DWS 844A.

The cynical side of (b)(6). thought that the change order was to steer work to a favored contractor (b) (1)

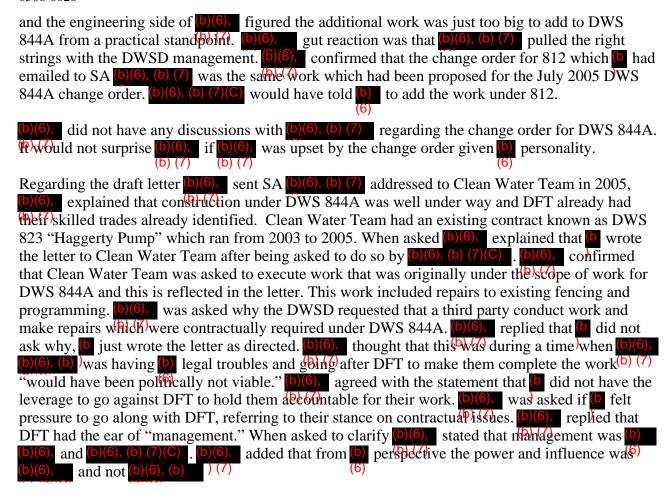
> This document contains neither recommendations nor conclusions of the EPA. It is the property of the EPA and is loaned to your agency; it and its contents are not to be distributed outside your agency.

OCEFT Form 3-01 (01/10) Page 1 of 2

United States Environmental Protection Agency Criminal Investigation Division Investigative Activity Report

Case Number

0506-0026



ATTACHMENT

ATP Security and Fire Alarm Migration
Board Summary for WTP Perimeter Intrusion Systems
Change Authorization for WWTP Security Systems
DWS 844A Change Order One
M343 Change Order for Fence Sensor Work
Clean Water Team RFQ DWS 844A
2005 Board Summary Memo

(5)(6)
RFQ for Security Work at WTPs

This document contains neither recommendations nor conclusions of the EPA.

It is the property of the EPA and is loaned to your agency;
it and its contents are not to be distributed outside your agency.

OCEFT Form 3-01 (01/10) Page 2 of 2